



Julián Martínez-Simancas
General secretary and secretary of the Board of Directors

Bilbao, November 19, 2013

To the National Securities Market Commission

Subject: Payment of the annual variable compensation in shares

Dear Sirs,

Pursuant to article 82 of Law 24/1988, of July 28, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) and related provisions, we are pleased to inform you that, pursuant to the resolution passed by the Board of Directors in its meeting held today, Iberdrola, S.A. (“**Iberdrola**” or the “**Company**”) will offer to its employees, as in previous years, the possibility of receiving a portion of their variable compensation corresponding to fiscal years 2013 and 2014 in the form of shares of Iberdrola.

This delivery of shares to employees, within the framework of the general compensation policy of the Company, will allow those employees electing to do so to receive shares of Iberdrola as part of their annual variable compensation. The number of shares of Iberdrola to be received by each employee shall be the result of dividing the part of variable compensation that the employee decides to receive in shares, with a maximum amount of 12,000 Euros (or such lower amount as appropriate in the case of employees resident in the foral territories)¹, by the closing price of the shares of Iberdrola for the trading session on the date of payment of the variable compensation.

As is customary, Iberdrola’s share delivery plan is addressed to all employees with tax residence in Spain of the Company and its subsidiaries located in Spain where Iberdrola holds a controlling stake and which have employees –other than the persons responsible for the day-to-day management of the companies carrying out regulated activities in Spain–, who, on a voluntary basis, may elect to receive a portion of their variable compensation either in cash or in the form of shares of the Company.

The total number of shares of Iberdrola to be delivered will depend on the closing price of Iberdrola’s shares for the trading session on the date of payment of the variable compensation, as well as on the amount requested by or to be delivered in the form of shares to all employees participating in the plan as a whole.

Yours faithfully,

General secretary and secretary of the Board of Directors

¹ Such limit will not apply to the employees of Iberdrola and its group who, because of their seniority, must necessarily receive in the form of shares a minimum percentage of their variable compensation whose amount exceeds the aforementioned threshold.

IMPORTANT INFORMATION

This communication does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities. The shares of IBERDROLA, S.A. may not be offered or sold in the United States of America except according to an effective registration statement under the Securities Act or according to a valid exemption from registration.

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